

and 2000, paragraph (1) shall be applied by substituting '10 percent' for '20 percent' and '1 percentage point' for '2 percentage points'.

"(3) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income determined—

"(A) after application of sections 86, 219, and 469, and

"(B) without regard to sections 135, 137, and 911 or the deduction allowable under this section.

"(4) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2002, the \$50,000 amount under paragraph (1) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2002' for 'calendar year 1992'. If any amount as adjusted under this paragraph is not a multiple of \$2,000, such amount shall be rounded to the next lowest multiple of \$2,000.

"(c) QUALIFIED EARNED INCOME DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified earned income' means an amount equal to the excess of—

"(A) the earned income of the spouse for the taxable year, over

"(B) an amount equal to the sum of the deductions described in paragraphs (1), (2), (7), and (15) of section 62 to the extent such deductions are properly allocable to or chargeable against earned income described in subparagraph (A).

The amount of qualified earned income shall be determined without regard to any community property laws."

"(2) EARNED INCOME.—For purposes of paragraph (1), the term 'earned income' means income which is earned income within the meaning of section 911(d)(2) or 401(c)(2)(C), except that—

"(A) such term shall not include any amount—

"(i) not includible in gross income,

"(ii) received as a pension or annuity,

"(iii) paid or distributed out of an individual retirement plan (within the meaning of section 7701(a)(37)),

"(iv) received as deferred compensation, or

"(v) received for services performed by an individual in the employ of his spouse (within the meaning of section 3121(b)(3)(A)), and

"(B) section 911(d)(2)(B) shall be applied without regard to the phrase 'not in excess of 30 percent of his share of net profits of such trade or business'."

(b) DEDUCTION TO BE ABOVE-THE-LINE.—Section 62(a) of the Internal Revenue Code of 1986 (defining adjusted gross income) is amended by adding after paragraph (17) the following new paragraph:

"(18) DEDUCTION FOR TWO-EARNER MARRIED COUPLES.—The deduction allowed by section 222."

(c) EARNED INCOME CREDIT PHASEOUT TO REFLECT DEDUCTION.—Section 32(c)(2) of the Internal Revenue Code of 1986 (defining earned income) is amended by adding at the end the following new subparagraph:

"(C) MARRIAGE PENALTY REDUCTION.—Solely for purposes of applying subsection (a)(2)(B), earned income for any taxable year shall be reduced by an amount equal to the amount of the deduction allowed to the taxpayer for such taxable year under section 222."

(d) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 222 and inserting the following new items:

"Sec. 222. Deduction for married couples to eliminate the marriage penalty.

"Sec. 223. Cross reference."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. —02. DEDUCTION FOR HEALTH INSURANCE COSTS FOR SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) of the Internal Revenue Code of 1986 is amended to read as follows:

"(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent (75 percent in the case of taxable years beginning in 1999 and 2000) of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. —03. REDUCTION IN TRANSFERS TO NATIONAL TOBACCO TRUST FUND.

Notwithstanding any other provision of this Act—

(1) the amount credited to the National Tobacco Trust Fund under section 401(b) of this Act for any fiscal year shall be reduced by the amount of the decrease in Federal revenues for such fiscal year which the Secretary of the Treasury estimates will result from the amendments made by this title, and

(2) for purposes of allocating amounts to accounts under section 451 of this Act, the reduction under paragraph (1) shall be treated as having been made proportionately from the amounts described in paragraphs (1), (2), and (3) of section 401(b) of this Act.

The Secretary shall increase or decrease the amount of any reduction under this section to reflect any incorrect estimate for any preceding fiscal year.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Wednesday, June 10, 1998, at 2 P.M. in SR-328A. The purpose of this meeting will be to examine livestock issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, June 10, 1998 at 9:30 a.m. to conduct an oversight hearing on Bureau of Indian Affairs School Construction. The hearing will be held in room 106 of the Dirksen Senate Office Building.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, June 10, 1998 at 2:30 p.m. to hold an open hearing on Intelligence Matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON COMMUNICATIONS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Communications Subcommittee of the Senate Committee on Commerce, Science, and Transportation be authorized to meet on June 10, 1998, at 9:30 a.m. on FCC reauthorization.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON EAST ASIAN AND PACIFIC AFFAIRS

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Subcommittee on East Asian and Pacific Affairs be authorized to meet during the session of the Senate on Wednesday, June 10, 1998 at 2:00 p.m. to hold a hearing.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FINANCIAL SERVICES AND TECHNOLOGY

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Subcommittee on Financial Services and Technology of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, June 10, 1998, to conduct a hearing on "Disclosing Year 2000 Readiness: Are the Companies You Invest in Ready for the Year 2000? Will You Know if They're Not?"

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON TECHNOLOGY, TERRORISM, AND GOVERNMENT INFORMATION

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the Subcommittee on Technology, Terrorism, and Government Information, of the Senate Judiciary Committee be authorized to hold a hearing during the session of the Senate on Wednesday, June 10, 1998 at 2:15 p.m. in room 226, Senate Dirksen Office Building, on: "Critical Infrastructure Protection: 'Eligible Receiver' and the New PDD."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

TRIBUTE TO CAPTAIN MICHAEL J. LANDERS

• Mr. D'AMATO. Mr. President, I rise today to recognize and honor Captain Michael J. Landers, United States Navy, as he retires upon completion of over 30 years of honorable and faithful service to our Nation.

A native of Utica, NY, Captain Landers was enlisted into the Regular Navy in November 1968 as a Seaman Recruit. After 5 years of enlisted submarine service, he was commissioned an Ensign upon graduation from the University of Missouri in December 1973.

Captain Landers, a Submarine Warfare Officer, has performed in a consistently outstanding manner under the

most challenging of circumstances. From 1973 to 1985 Captain Landers served with the surface and submarine fleets of the Atlantic and Pacific Oceans. He gained extensive experience aboard *USS ALEXANDER HAMILTON* (SSBN) 617, *USS VON STEUBEN* (SSBN) 632, and *USS PIGEON* (ASR 21). After serving on the staff of the Director of Strategic Systems Programs, Washington, DC, Captain Landers commanded the *USS ORTOLAN* (ASR 22) from 1987 to 1990. He subsequently became the Executive Assistant to the Deputy Chief of Naval Personnel. Captain Landers left the Navy Annex in 1994 and reported for duty at the Industrial College of the Armed Forces at Fort McNair where he received a Master of Science Degree in National Resource Strategy.

From 1995 to 1997, Captain Landers commanded the naval Submarine Base, Bangor, WA. He returned to the Pentagon in November 1997, where he served as the Deputy Chief of Legislative Affairs. In this capacity he has been a major asset to the Navy, Marine Corps and Congress. He is considered a valued advisor to the very top echelons of the Navy and Congress. His consummate leadership, energy and integrity ensured that the morale and effectiveness of the Navy-Marine Corps team reached heights otherwise thought to be impossible to achieve in such an austere budget climate. During a period of significant change and restructuring of naval forces, Captain Landers helped to obtain Congressional support for a strong and balanced navy and marine Corps. Through his brilliant insight, he has directly contributed to their future readiness and success.

Captain Landers' distinguished awards include the Legion of Merit with three gold stars, the meritorious Service medal with one gold star, the navy Commendation Medal with two gold stars and the navy Achievement Medal with one gold star.

The Department of the navy, the Congress, and the American people have been defended and well served by this dedicated naval officer for over 30 years. Captain Mike Landers will long be remembered for his leadership, service and dedication. He will be missed. We wish Mike, and his lovely wife Kris, our very best as they begin a new chapter in their life together.●

VERMONT'S SMALL BUSINESS PERSON OF THE YEAR

● Mr. LEAHY. Mr. President, today I rise to recognize two very special Vermont business people. Tom and Sally Fegley are the owners and founders of Tom and Sally's Handmade Chocolates of Brattleboro, Vermont. For the past two years I have been pleased to nominate Tom and Sally for the U.S. Small Business Administration's Small Business Person of the Year award for the state of Vermont. This year, I am proud to announce that Tom and Sally Fegley are the recipients of this prestigious award.

Eight and a half years ago, the Fegleys had the courage to move to Vermont and risk their lives' savings to undertake their start-up business in chocolates, a field in which neither of them had any previous experience. With hard work and intense dedication they have built this business to more than \$1 million in gross sales in 1997. Their products are sold in all fifty states and they are exported all over the world, including Canada, Great Britain, France, Germany, South Africa and the Netherlands. Tom and Sally's entrepreneurial savvy has helped to spread the distinctive high quality of Vermont specialty foods across the globe.

The Fegley's chocolates are so unique they have received five federal trademarks for their chocolates ranging from "Vermont Pasture Patties" to "Cowlicks." In addition, their products have won eight national awards and have received media coverage ranging from "Good Morning, America" and "The Today Show" to such magazines as *Bon Appetit*, *Fine Cooking*, and *Mademoiselle*, as well as newspapers including *The New York Times*, *The Wall Street Journal*, and *The Washington Post*.

I remember the first time that Marcelle and I visited Tom and Sally's shop in 1992. We were especially impressed with its old-fashioned atmosphere and Vermont country charm. A few years ago, Tom and Sally decided to combine the sale of their handmade chocolates and candies with the sale of Vermont folk art. This gallery displays the handicrafts of Vermonters as the Fegleys display the fruits of their own handicraft. This innovative combination makes visiting Tom and Sally's a unique and charming experience while promoting Vermont's distinct character.

Not only have Tom and Sally made an imprint on Vermont's specialty food industry, but they have made an even larger contribution to their community. Perhaps the Fegleys should be recognized more for what they do for others than for their business success. From donating chocolates to local charities, to helping a local apple orchard after vandals destroyed the apple trees, Tom and Sally's involvement and contributions have expanded beyond the business industry and have made them important members of Vermont's communities.

I am pleased that the Fegleys have been named 1998 Vermont Small Business Persons of the Year. I believe that they embody what Vermont is all about—a fine tradition of quality products with a strong sense of community.●

REMARKS BY SENATOR BILL FRIST TO THE ASSOCIATION OF AMERICAN UNIVERSITIES

● Mr. FRIST. Mr. President, on Tuesday, June 2nd, I addressed the Association of American Universities regard-

ing the importance of federal support for university-based research. I ask that my remarks be printed in the RECORD.

The remarks follow:

FEDERAL SUPPORT FOR UNIVERSITY-BASED RESEARCH HAS PRODUCED A WEALTH OF BENEFITS FOR ALL AMERICANS

As a medical scientist, a researcher, a former university faculty member, a current university Trustee, and a life-long explorer in the quest for new knowledge, I believe, as you do, that America's strategy of federally-supported university-based research has produced a wealth of benefits for all Americans.

It's not only expanded our scientific and academic national base, but increased the economic vitality of our Nation, raised the standard of living all Americans enjoy, and produced a highly-educated workforce that has made us a leader in today's global economy. In fact, in economic terms alone, the return on our federal investment has been huge. As much as one half of all U.S. growth is a result of the technical progress we've achieved through research.

According to the Office of Science and Technology Policy (OSTP), technology is the single most important factor in long-term economic growth. Not only is the performance of U.S. businesses and their contributions to economic growth directly linked to their use of technology, but as cited in a study conducted by the US Department of Commerce, manufacturing businesses that used eight or more advanced technologies grew 14.4 percent more than plants that used none—and production wages were more than 14 percent higher.

For any of you who may encounter doubters in other Congressional offices let me give you just two quick examples from the President of MIT, who testified before my committee, of how the federal investment in university research has produced phenomenal returns.

Over the last three decades, the Department of Defense has funded \$5 billion in university in information technology. Those programs alone created one-third to one-half of all major breakthroughs in the computer and communications industries. Today, those businesses account for \$500 billion of GDP—a return on our investment of 3,000 percent!

In fact, studies of just that one university alone—MIT—found that, in Massachusetts, MIT grads and faculty founded over 600 companies that produced 300,000 jobs and \$40 billion in sales. In Silicon Valley, MIT grads founded 225 companies which produced 150,000 jobs and more than \$22 billion in sales.

In one industry alone—biotechnology—government's \$43 million annual investment has not only produced the human capital of the biotech industry—scientists, engineers, managers—and new knowledge that's led to an understanding of the molecular basis of disease, but it's also produced new companies and new wealth.

To again use MIT as an example, in Massachusetts alone, MIT-related companies have produced 10,000 new jobs, \$3 billion in annual revenues, and 100 new biotech patents licensed the U.S. companies that have induced investment of \$650 million. Those companies now produce nine of the 10 FDA-approved biotech drugs that stop heart attacks and treat cancer, cystic fibrosis and diabetes—and we've only just begun to tap the potential returns of this rapidly advancing new field.

And I'm sure every one of the universities you represent could cite statistics that are equally impressive.

But, as you well know, universities are not just the fountainhead of innovation. They